

COUNCIL MEETING

DATE: August 13, 2013

TIME STARTED: 7:00 p.m.

TIME ENDED: 8:55 p.m.

MEMBERS PRESENT: Mayor Doug Pomplun, Lois Gilles, Cindy Fahey, Todd Kiecker, Brad Augustin

MEMBERS ABSENT: None

Staff members present: Clerk Treasurer Administrator Marcia Seibert-Volz, City Attorney Aaron Walton.

Meeting was called to order by Mayor Doug Pomplun.

APPROVAL OF THE AGENDA: Doug requested to additions to the agenda. Duane Hansel on street repairs, and Ron Degner for Franklin City Council in regard to discussion on a Joint Powers Agreement for Police Protection. Motion by Lois Gilles, second by Cindy Fahey to approve agenda with the two additions. Motion carried.

UNFINISHED BUSINESS: None.

PUBLIC HEARING: Mayor Pomplun opened the Public Hearing on Zoning Ordinance 317 amendment. No citizens were present to address the zoning ordinance. Since there was no public comment offered the Mayor closed the public hearing.

PRESENTATIONS: Paul Weikle, GFW School Board member and Tammy Marten, Supt. were present to extend the schools desire to partner with the Communities within the school district.

BID OPENING & QUOTES: Gayle Mack, SEH, provided cost estimates for the remodel of the Fairfax Auditorium. Probable Cost estimate for building is \$ 249,382.30. Total estimate is \$ 314,258.64. Motion by Lois Gilles, second by Cindy Fahey to advertise for bids. Council polled: Todd-yes, Brad-no, Cindy-yes, Lois-yes, Doug-yes. Motion carried.

Motion by Cindy Fahey, second by Lois Gilles to approve the consent agenda. Motion carried.

- Minutes dated July 9, 2013.
- 2012 Sidewalk Pay est. 4 to Robert Deming in the amount of \$ 372.40
- Kuechle Pay est. 9 \$ 305,986.56
- The following claims for payment:

4-Square Builders	MAINTENANCE SUPPLIES	144.47
A&B Business Equipment	COPIER MAINT CONTRACT	82.31
ACT Services LLC	AMBULANCE SUPPLIES	318.00
Alden Pool & Municipal Su	POOL CHEMICALS	996.35
Ameripride Linen Services	LAUNDRY - BAR	480.36
Arctic Glacier	ICE	228.78
Arneson Distributing Inc	BEER & POP	1,909.67
Barnes & Noble	LIBRARY BOOKS	113.51
Bernicks Pepsi Cola	ICE MACHINE RENT & POP	747.60
Bernie Wenner	BUILDING INSPECTOR	1,118.96
Bolton & Menk	WATER TOWER PROJECT	8,117.50
Border States	Gas supplies	1,032.94
Bound Tree Medical, LLC	AMBULANCE SUPPLIES	1,481.35
Capital One, F.S.B.	COMPUTER SOFTWARE AMB/PD	498.83
Casey's	GAS	1,098.51
Central Minnesota Municip	POWER PURCHASED	32,891.53
CenturyLink	TELEPHONE	1,354.83
Chip Steak & Provision Com	SUPPLIES FOR RESALE	1,060.30
Chuck Anderson	2013 CIP REBATE	35.00
Chuck Firle	GRAVEL	840.00
City of Fairfax	Utility bills & Petty cash reimbursement	9,569.04
Clobes Sanitation	GARBAGE - MLS & Contract	3,472.68
Dakota Supply Group	GAS ERTS	1,292.21
Dave Busch	2013 CIP REBATE	70.00

Dave's Full Service
 Davis Typewriter Co Inc
 Delta Dental
 Deming Construction
 Department of Energy-WAPA
 Diane Hansgen
 Fairfax Agency
 Fairfax Postmaster
 Fairfax Standard
 Fairfax TV & Appliance
 Farm Merchandise Inc.
 Ferguson Waterworks #2516
 Frandsen Bank & Trust
 Frontier Bar
 GFW Booster Club
 Gerald Jandl
 Gopher State One Call
 Grainger
 Groebner & Associates
 HM Cragg
 Harland
 Harry's Frozen Food
 Hawkins Water Treatment
 Heggies Pizza
 Hermel Wholesale
 J.T. Services
 Jahnke Water Inc.
 Jim Dandy
 Johnson Bros. Wholesale
 KEEPRS Inc/Cy's Uniforms
 Kiecker Plumbing & Heating
 Klassen Mechanical
 Kuechle Underground Inc
 L.M.C.I.T.
 LaMotte Company
 Locher Bros. Inc.
 MN Department of Revenue
 MN Municipal Utilities As
 MN Public Facilities Autho
 MN Valley Testing Lab.
 Marcia Seibert-Volz
 Matheson Tri-Gas Inc
 Maynard's of Fairfax
 Mediacom
 Merchant Services
 Mid America Backflow Prev
 Midwest Machinery Co
 Mikes Auto Parts
 Nancy Bucholdt
 New Ulm Public Utilities
 North Ambulance
 North Star Pump Service
 Northern Lights Dist.
 O & S Construction
 Office Ally
 Oxygen Service Company
 Paape Distributing Co.
 Pitney Bowes Inc.
 Public Employees Ret.
 RVS Shredding
 Recreation Supply Company
 Red Feather
 Renco Publishing, Inc.
 Renville County
 Revtrak Inc
 Rick Borth
 SEH
 Schwan's Sales
 Sid's Signs
 South Central Grain & Ener
 State of MN

GAS	645.45
OFFICE SUPPLIES	342.66
Delta Dental	136.80
2012 SIDEWALK PROJECT	372.40
POWER PURCHASED	25,154.01
2013 CIP REBATE	50.00
BOND FEE	357.00
PO BOX FEE	431.37
LIBRARY EXPENSE	197.42
GRILL REPAIR AT BALL PARK	300.04
SUPPLIES	1,287.14
WATER MAIN CLAMP	166.70
DEPOSIT SLIPS	80.54
SUPPLIES	123.45
ADVERTISING - BAR	100.00
2013 CIP REBATE	35.00
LOCATES	80.85
GATE LATCH - POOL	85.08
GAS SUPPLIES FOR NEW SERVICES	1,055.85
BATTERIES AT POWER PLANT	7,340.17
BACKUP DISC CARTRIDGES	409.97
SUPPLIES FOR RESALE	191.75
POOL CHEMICALS	3,173.91
SUPPLIES FOR RESALE	732.00
SUPPLIES FOR RESALE - POOL	1,720.48
SECONDARY PEDESTALS	494.50
SALT FD	7.63
SUPPLIES FOR RESALE	61.20
LIQUOR	1,554.94
POLICE UNIFORMS	151.96
TOILET - OLD SHOP	341.43
AC MAINT CITY HALL	357.75
2012 STREET PROJECT PAY EST 9	305,986.56
INSURANCE PREMIUM	60,769.00
POOL CHEMICALS	110.77
BEER	8,766.18
JUNE SALES TAX	11,793.00
LINEMAN TRAINING ERIC FAHEY	741.00
PFA LOAN PMTS	162,064.08
WATER SAMPLE TESTING	25.50
MILEAGE	61.05
SHOP SUPPLIES	506.00
SUPPLIES FOR RESALE	436.86
INTERNET - POWER PLANT	384.27
LIQUOR CREDIT CARD FEES JULY	505.22
BACKFLOW TEST FIRE HALL	1,285.08
LAWN MOWER REPAIRS	0.00
SHOP SUPPLIES	273.03
2013 CIP REBATE	25.00
NATURAL GAS PURCHASE, INSTALL GAS SERVICE	54,493.75
INTERCEPTS	1,125.00
INSPECTIONS WASTEWATER PUMPS	1,194.93
SUPPLIES FOR RESALE	1,901.03
BORE GAS LINES	864.50
AMBULANCE FEE	19.95
AMBULANCE SUPPLIES	70.51
POOL HEATER MAINTENANCE	1,077.00
POSTAGE	519.99
FIRE PENSION CONTRIBUTION	8,918.00
DOCUMENT SHREDDING	30.00
POOL CLEANER RENTAL	609.91
SUPPLIES	136.22
LIBRARY SUBSCRIPTION	32.00
LANDFILL FEES	4,367.78
REVTRAK FEES JULY	570.04
computer repair	260.00
ARCHITECT FEES - AUDITORIUM	3,696.11
SUPPLIES FOR RESALE - POOL	186.74
LIBRARY SIGN	3,081.66
WEED CONTROL	308.20
GAS METER ASSESSMENT	68.70

Steve's Bakery	SUPPLIES FOR RESALE	252.61
Streichers	police supplies	258.52
Sue Black	2013 CIP REBATE	70.00
Tapper's Beer Line Servic	CLEAN BEER TAPS	32.50
Taser International	Taser battery	51.20
Texas Refinery Corp	SHOP SUPPLIES	552.76
The Journal	ADVERTISING - BAR	25.00
The Retrofit Companies Inc	RECYCLING BULBS	1,164.06
Tom Palmer	2013 CIP REBATE	10.00
Tony Freitag	2013 CIP REBATE	35.00
Tow Distributing Corp.	BEER	3,582.99
USA Blue Book	PAINT	209.85
Verizon Wireless	RADIO - POLICE	341.87
Viking Coca-Cola Bo. Co.	POP	300.00
Volz & Frank	SIDEWALK REPAIR	1,550.00
WBM Wine & Spirits Inc.	LIQUOR	1,808.99
Weis Oil	GAS	1,325.43
Wells Fargo Insurance Serv	LIQUOR LIABILITY	6,988.50
Xcel Energy	TM1 TRANSMISSION & MISO 10	5,720.29
Younger & Walton PLLC	ATTORNEY FEES	2,000.00
Payroll Expense		54,403.52

ADDITION TO AGENDA: Duane Hansel, Bolton & Menk, presented the estimates for 2013 street Patch & Seal Coat Improvements. Received one quote from Caldwell Asphalt Co. in the amount of \$28,089.24. Engineer estimate was \$17,876.00. The 2013 Storm Sewer project was presented. Duane Hansel explained the problems occurring regarding the replacement of the line. He presented change order # 1 in the amount of \$ 17,056.20. Motion by Todd Kiecker, second by Cindy Fahey to approve change order #1. Motion carried. Motion was made by Lois Gilles, second by Cindy Fahey to reject the Caldwell Asphalt bid in the amount of \$ 28,089.24. Motion carried.

Ron Degner, Mayor of Franklin, queried whether the council would consider a Joint Powers Agreement for Police Protection between Fairfax and Franklin. General consensus of the council was to entertain discussion in the next couple of months. Action was tabled.

FFA SIGN: Stephanie Palmer and Anna Peichel were present to request the City sponsor the FFA by installation of a 2' X 2' sign stating it. Motion by Lois Gilles, second by Cindy Fahey to allow the FFA to allow installation of the sign on the population sign. Motion carried.

FIRE DEPT. The Fire Chief was present to recognize the lifeguards at the pool that took quick action and performed the rescue operation at the pool. Lifeguards recognized were: Alyson Black, Frank Fairchild, Melanie Jandl, Raelin Wiethoff, Rachel Deming.

STANDARD & POORS RATING: Standard & Poors gave the City a bond rating of A/Stable.

RESOLUTION 2013-08: EXTRACT OF MINUTES OF A MEETING OF THE CITY COUNCIL CITY OF FAIRFAX, MINNESOTA

HELD: August 13, 2013

Pursuant to due call, a regular or special meeting of the City Council of the City of Fairfax, Renville County, Minnesota, was duly held at the City Hall on August 13, 2013, at 7:30 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of \$1,605,000 General Obligation Natural Gas Revenue Refunding Bonds, Series 2013A.

The following members were present:

and the following were absent:

Member Todd Kiecker introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$1,605,000 GENERAL OBLIGATION NATURAL GAS REVENUE REFUNDING BONDS, SERIES 2013A AND PLEDGING NET REVENUES FOR THE SECURITY THEREOF AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Fairfax, Minnesota (the "City"), hereby determines and declares that it is necessary and expedient to issue \$1,605,000 General Obligation Natural Gas Revenue Refunding Bonds, Series 2013A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapters 453A and 475, to provide moneys for a current refunding of \$2,135,000 original principal amount of General Obligation Natural Gas Revenue Crossover Refunding Bonds, Series 2005A, dated February 1, 2005 (the "Prior Bonds"); and

B. WHEREAS, \$1,555,000 principal amount of the Prior Bonds which matures or is subject to mandatory redemption on and after December 1, 2014 (the "Refunded Bonds"), is callable on December 1, 2013 (the "Call Date"), at a price of par plus accrued interest, as provided in the resolution adopted by the City Council on January 25, 2005 (the "Prior Resolution"); and

C. WHEREAS, the refunding of the Refunded Bonds on the Call Date is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

D. WHEREAS, the City owns and operates a municipal natural gas utility as a revenue producing public utility (the "System") and the Prior Bonds are the only outstanding obligations of the City, the interest and principal of which would constitute a prior lien upon the net revenues of the System; and

E. WHEREAS, the City has retained Blue Rose Capital Advisors, Inc., in Minneapolis, Minnesota, as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

F. WHEREAS, it is in the best interests of the City that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fairfax, Minnesota, as follows:

1. Acceptance of Offer. The offer of Northland Securities, Inc. (the "Purchaser"), to purchase the Bonds in accordance with the terms and at the rates of interest hereinafter set forth, and to pay therefor the sum of \$ _____ plus interest accrued to settlement, is hereby accepted.

2. Terms of Bonds.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall be dated September 1, 2013, as the date of original issue, shall be issued forthwith on or after such date in fully registered form, shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations") and shall mature on December 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014		2021	
2015		2022	
2016		2023	
2017		2024	
2018		2025	
2019		2026	
2020		2027	

All dates are inclusive. As may be requested by the Purchaser, one or more term Bonds may be issued having mandatory sinking fund redemption and final maturity amounts conforming to the foregoing principal repayment schedule, and corresponding additions may be made to the provisions of the applicable Bond(s).

(b) Book Entry Only System. The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York or any of its successors or its successors to its functions hereunder (the "Depository") will act as securities depository for the Bonds, and to this end:

- (i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.
- (ii) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO, as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").
- (iii) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any

Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

- (iv) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.
- (v) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10, references to the Nominee hereunder shall refer to such new Nominee.
- (vi) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").
- (vii) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

- (viii) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than fifteen calendar days in advance of such special record date to the extent possible.
- (ix) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.
- (x) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.
- (c) Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:
 - (i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.
 - (ii) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10, the Bonds will be delivered to the Beneficial Owners.
 - (iii) Nothing in this subparagraph (d) shall limit or restrict the provisions of paragraph 10.

(d) Letter of Representations. The provisions in the Letter of Representations are incorporated herein by reference and made a part of the resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Letter of Representations shall control.

3. Purposes; Refunding Findings. The proceeds of the Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding"). It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, and shall result in a reduction of debt service cost to the City.

4. Interest. The Bonds shall bear interest payable semiannually on December 1 and June 1 of each year (each, an "Interest Payment Date"), commencing June 1, 2014, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>	<u>Maturity Year</u>	<u>Interest Rate</u>
2014		2021	
2015		2022	
2016		2023	
2017		2024	
2018		2025	
2019		2026	
2020		2027	

5. Redemption. Bonds maturing on December 1, 2022, and thereafter, shall be subject to redemption and prepayment at the option of the City on December 1, 2021, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds prior to the date fixed for redemption.

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers so assigned to such Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the

City or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the City and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the City shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

6. Bond Registrar. Northland Trust Services, Inc., in Minneapolis, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

7. Form of Bond. The Bonds, together with the Bond Registrar's Certificate of Authentication, the form of Assignment and the registration information thereon, shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
RENVILLE COUNTY
CITY OF FAIRFAX

R-_____ \$ _____

GENERAL OBLIGATION NATURAL GAS REVENUE REFUNDING BONDS, SERIES
2013A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	December 1,	September 1, 2013	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Fairfax, Renville County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on December 1 and June 1 of each year (each, an "Interest Payment Date"), commencing June 1, 2014, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Northland Trust Services, Inc., in Minneapolis, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this

Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on December 1, 2022, and thereafter, are subject to redemption and prepayment at the option of the Issuer on December 1, 2021, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and the principal amounts within each maturity to be redeemed shall be determined by the City; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds prior to the date fixed for redemption.

Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Bond Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Bond Registrar (with, if the Issuer or Bond Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Bond Registrar duly executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Bond Registrar shall authenticate and deliver to the Holder of the Bond, without service charge, a new Bond or Bonds having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by the Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$1,605,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council of the Issuer on August 13, 2013 (the "Resolution"), for the purpose of providing funds for a current refunding of certain outstanding bonds of the Issuer. This Bond is payable out of the General Obligation Natural Gas Revenue Refunding Bonds, Series 2013A

Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Denominations; Exchange; Resolution. The Bonds are issuable solely in fully registered form in Authorized Denominations (as defined in the Resolution) and are exchangeable for fully registered Bonds of other Authorized Denominations in equal aggregate principal amounts at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Transfer. This Bond is transferable by the Holder in person or the Holder's attorney duly authorized in writing at the principal office of the Bond Registrar upon presentation and surrender hereof to the Bond Registrar, all subject to the terms and conditions provided in the Resolution and to reasonable regulations of the Issuer contained in any agreement with the Bond Registrar. Thereupon the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an Authorized Denomination or Denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

Fees upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds.

Treatment of Registered Owners. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of the municipal natural gas utility (the "System") at

the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the adequate to pay all principal and interest when due on the Bonds; and that the Issuer will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the Bonds as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Fairfax, Renville County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Administrator-Clerk-Treasurer, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: NORTHLAND TRUST SERVICES,
INC.

Payable at: NORTHLAND TRUST SERVICES,
INC.

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF FAIRFAX,
RENVILLE COUNTY, MINNESOTA

This Bond is one of the
Bonds described in the
Resolution mentioned
within.

/s/ Facsimile
Mayor

Northland Trust Services, Inc.
Minneapolis, Minnesota,
Bond Registrar

/s/ Facsimile
Administrator-Clerk-Treasurer

By: _____
Authorized Signature

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UTMA - _____ as custodian for _____
(Cust) (Minor)

under the _____ Uniform Transfers to Minors Act
(State)

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____ attorney to transfer the Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a national bank or trust company or by a brokerage firm having a membership in one of the major stock exchanges or any other "Eligible Guarantor Institution" as defined in 17 CFR 240.17 Ad-15(a)(2).

The Bond Registrar will not effect transfer of this Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Bond is held by joint account.)

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

[illegible]

8. Execution. The Bonds shall be in typewritten form, shall be executed on behalf of the City by the signatures of its Mayor and Administrator-Clerk-Treasurer and be sealed with the seal of the City; provided, as permitted by law, both signatures may be photocopied facsimiles and the seal has been omitted. In the event of disability or resignation or other absence of either officer, the Bonds may be signed by the manual or facsimile signature of the officer who may act on behalf of the absent or disabled officer. In case either officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of the Bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

9. Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of September 1, 2013. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

10. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Bond Registrar a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Bond Registrar shall provide for the registration of Bonds and the registration of transfers of Bonds entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Bond at the principal office of the Bond Registrar, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration (as provided in paragraph 9) of, and deliver, in the name of the designated transferee or transferees, one or more new Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of "bearer" or similar designation.

At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination or Denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the City shall execute (if necessary), and the Bond Registrar shall authenticate, insert the date of registration of, and deliver the Bonds which the Holder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the City.

All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Bonds surrendered for such exchange or transfer.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the Holder thereof or his, her or its attorney duly authorized in writing

The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost Bonds.

Transfers shall also be subject to reasonable regulations of the City contained in any agreement with the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Administrator-Clerk-Treasurer is hereby authorized to negotiate and execute the terms of said agreement.

11. Rights Upon Transfer or Exchange. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

12. Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten days prior to the Special Record Date.

13. Treatment of Registered Owner. The City and Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 12) on, such Bond and for all other purposes whatsoever whether or not such Bond shall be overdue, and neither the City nor the Bond Registrar shall be affected by notice to the contrary.

14. Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Administrator-Clerk-Treasurer to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

15. Fund and Accounts. There is hereby created a special fund designated the "General Obligation Natural Gas Revenue Refunding Bonds, Series 2013A Fund" (the "Fund") to be administered and maintained by the Administrator-Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the

City. The Fund shall be maintained in the manner herein specified until all of the Bonds herein authorized and the interest thereon shall have been fully paid. The Operation and Maintenance Account (the "Operation and Maintenance Account") heretofore established by the City shall continue to be maintained in the manner heretofore provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Account shall constitute and are referred to as "net revenues" until the Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all net revenues of the System as hereinafter set forth. The Administrator-Clerk-Treasurer and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained accounts of the Fund for the purposes as follows:

(a) Payment Account. The proceeds of the Bonds, less accrued interest, shall be deposited in the Payment Account. The sums are sufficient, together with other funds on deposit in the debt service fund established for the Refunded Bonds, to pay the principal on the Refunded Bonds called for redemption on the Call Date and the interest due on the Call Date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account. From the Payment Account the Administrator-Clerk-Treasurer shall transfer to the paying agent for the Refunded Bonds \$1,555,000 of Bond proceeds on or prior to the Call Date.

(b) Debt Service Account. To the Debt Service Account are hereby irrevocably appropriated, pledged to and there shall be credited to: (1) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Bonds; (2) all accrued interest received upon delivery of the Bonds; (3) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System herein pledged to the payment of the principal and interest on the Bonds are insufficient therefor; (4) any balance remaining after the Call Date in the General Obligation Natural Gas Revenue Crossover Refunding Bonds, Series 2005A Debt Service Account created by the Prior Resolution; (5) all investment earnings on funds in the Debt Service Account; and (6) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt Service Account when the Bonds and interest thereon are paid shall be consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Bonds), in excess of amounts which under then applicable federal arbitrage regulations

may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

16. Covenants Relating to the Bonds.

(a) Sufficiency of Net Revenues; Coverage Test. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest the Bonds and a sum at least five percent in excess thereof, and the net revenues of the System are hereby pledged for the payment of the Bonds, but solely to the extent required to meet the principal and interest requirements of the Bonds as the same become due. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City and any such pledge and appropriation of the net revenues may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Pledge to Produce Revenues. The City hereby covenants and agrees with the Holders of the Bonds that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Bonds.

(c) Excess Net Revenues. Net revenues of the System in excess of those required for the foregoing may be used for any proper purpose.

(d) General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of the principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account, shall at any time be insufficient to pay the principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

17. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

18. Prior Bonds; Security and Prepayment. Until retirement of the Prior Bonds, all provisions for the security thereof shall be observed by the City and all of its officers and agents. The Refunded Bonds shall be redeemed and prepaid on the Call Date in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference.

19. Supplemental Resolution. The Prior Resolution is hereby supplemented to the extent necessary to give effect to the provisions hereof.

20. Certificate of Registration. The Administrator-Clerk-Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of Renville County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

21. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described:

(a) to provide or cause to be provided to the Municipal Securities Rulemaking Board, by filing at www.emma.msrb.org, (i) at least annually, its audited financial statements for the most recent fiscal year, and (ii) notice of the occurrence of certain events with respect to the Bonds in not more than ten (10) business days after the occurrence of such event, in accordance with the Undertaking; and

(b) its covenants pursuant to the Rule set forth in this paragraph and in the Undertaking is intended to be for the benefit of the Holders of the Bonds and shall be enforceable on behalf of such Holders; provided that the right to enforce the provisions of these

covenants shall be limited to a right to obtain specific enforcement of the City's obligations under the covenants.

The Mayor and Administrator-Clerk-Treasurer or any other officer of the City authorized to act in their place (the "Officers") are hereby authorized and directed to execute on behalf of the City the Undertaking in substantially the form presented to the City Council subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the improvements refinanced by the Prior Bonds (the "Project"), or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

24. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000. For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bond is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City);
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code;

Furthermore:

(e) there shall not be taken into account for purposes of said \$5,000,000 limit any bond issued to refund (other than to advance refund) any bond to the extent the amount of the refunding bond does not exceed the outstanding amount of the refunded bond;

(f) the aggregate face amount of the Bonds does not exceed \$5,000,000;

(g) each of the Refunded Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;

(h) the average maturity of the Bonds does not exceed the remaining average maturity of the Refunded Bonds; and

(i) no part of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued.

25. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

(a) the Bonds are issued after August 7, 1986;

(b) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(c) the City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2013 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2013 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Bonds does not exceed \$10,000,000.

Furthermore:

(g) each of the Refunded Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

(h) the average maturity of the Bonds does not exceed the remaining average maturity of the Refunded Bonds;

(i) no part of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued; and

(j) the Bonds are issued to refund, and not to "advance refund" the Prior Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the Bonds do not exceed the outstanding amount of the Prior Bonds.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

26. Official Statement. The Official Statement relating to the Bonds prepared and distributed by the Purchaser is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Official Statement.

27. Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to the Bond Registrar on the closing date for further distribution as directed by the Purchaser.

28. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

29. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Lois Gilles and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Doug Pomplun, Todd Kiecker, Brad Augustin, Lois Gilles, Cindy Fahey and the following voted against the same: none

whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA
COUNTY OF RENVILLE
CITY OF FAIRFAX

I, the undersigned, being the duly qualified Administrator-Clerk-Treasurer of the City of Fairfax, Minnesota, do hereby certify that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to authorize the issuance and awarding the sale of \$1,605,000 General Obligation Natural Gas Revenue Refunding Bonds, Series 2013A.

WITNESS my hand on August 13, 2013.

Administrator-Clerk-Treasurer

EXHIBIT A

NOTICE OF CALL FOR REDEMPTION
GENERAL OBLIGATION NATURAL GAS REVENUE CROSSOVER REFUNDING
BONDS, SERIES 2005A
CITY OF FAIRFAX, RENVILLE COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that by order of the City Council of the City of Fairfax, Renville County, Minnesota, there have been called for redemption and prepayment on

December 1, 2013

those outstanding bonds of the City designated as General Obligation Natural Gas Revenue Crossover Refunding Bonds, Series 2005A, dated as of February 1, 2005, having stated maturity dates, or subject to mandatory redemption, in the years 2014 through 2027, inclusive, and totaling \$1,555,000 in principal in principal amount and having CUSIP numbers listed below:

<u>Year</u>	<u>CUSIP*</u>
2014	304009 ED1
2015	304009 EE9
2016	304009 EF6
2017	304009 EG4
2018	304009 EH2
2021	304009 EL3
2024	304009 EP4
2027	304009 ES8

The bonds are being called at a price of par plus accrued interest to December 1, 2013, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment at the office of Northland Trust Services, Inc., Attention: Paying Agent Services, 45 South 7th Street, Suite 2000, Minneapolis, Minnesota 55402.

Dated: August 13, 2013

BY ORDER OF THE CITY COUNCIL

/s/ Marcia Seibert-Volz
Administrator-Clerk-Treasurer

*The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holders.

checks. At the July meeting Council members decided to repeal the City Ordinance 412 and have Renville County regulate it. The Ordinance is receiving a second reading and adoption.

ORDINANCE 412A

AN ORDINANCE REPEALING FAIRFAX, MINNESOTA, ORDINANCE 412.

WHEREAS, the City of Fairfax adopted Ordinance 412 on December 2, 1997 which is now codified as Chapter 225 in the Fairfax City Code; and

WHEREAS, in the intervening years, the City has found through experience that it is not cost effective for the City to maintain said Ordinance; and

WHEREAS, in 1998, the County of Renville adopted a Tobacco Licensing Ordinance that serves the exact same purpose as the City Ordinance; and

WHEREAS, the County Ordinance gives Political Subdivisions of the County the option to elect to self-regulate; and

WHEREAS, the City of Fairfax elects not to self-regulate under the provisions of Renville County Tobacco Licensing Ordinance Section 300 subd. 9.

NOW THEREFORE BE IT ORDAINED, by the Fairfax City Council:

Section 1. Fairfax Ordinance 412, now City Code Chapter 225, is hereby REPEALED.

Section 2. This Ordinance, Repealing Fairfax Ordinance 412, shall be in full force and effect after its passage and publication according to law.

ADOPTED by the Fairfax City Council this 13th day of August, 2013. Said motion was made by Cindy Fahey, second by Lois Gilles. Motion carried unanimously.

ZONING ORDINANCE AMENDMENT: Second Reading and adoption on Ordinance 317 referencing Garages and outbuildings wall heights, and rear lot line setback. Motion by Lois Gilles, second by Cindy Fahey to adopt the Ordinance. Motion carried.

ORDINANCE 317

AN ORDINANCE REGULATING GARAGES, AND OUTBUILDINGS AMENDING CHAPTER 260-13 B R ZONES (2) ADDING (e) & (f) AND AMENDING (3) BULK REGULATIONS.

(2) (e) Side Wall: In a residential and multiple dwelling zone or in any zone with a lot with a residential dwelling, garages constructed or altered after the effective date of this amendment may have a side wall of not more than ten feet eight inches (10'8") in height. The ten foot eight inch (10'8") side wall is measured from the floor of the garage to the top plate.

(f) Size limitation: A garage may be 1,000 sq. ft. in size. The total square footage of outbuildings on a lot shall be limited to 1,000 sq. ft. or ten percent (10%) of the lot size whichever is greater. In no event, however, shall the total square footage of outbuildings on a lot including unattached garage exceed one thousand two hundred (1,200) square feet. No more than three (3) structures not attached to a house will be allowed. Rear yard square footage for existing outbuildings shall be included when considering total footage for new structures.

(3) R ZONE BULK REGULATIONS: Amending minimum setback requirements for rear lot line setback from 20' to 10'.

This ordinance shall take effect upon its passage and publication.

PASSED AND ENACTED by the City Council of the City of Fairfax this 13th day of August, 2013.

2014 BUDGET REVIEW: The Council reviewed the 2014 capital budget requests. No action was taken. A special Council meeting for working on the 2014 budget was set for September 9, 2013 at 6:30 p.m.

STAFF REPORTS:

Marcia Seibert-Volz: In accordance with Minnesota Statutes 35G.08 the calculated 2014 required municipal contribution for the City of Fairfax to cover the volunteer firefighters enrolled in the statewide volunteer firefighter retirement plan is zero (0).

Building Permits for July:

Fred Planque	re-roof	33,000.00
Brad Bastian	re-roof	9,000.00
Miguel Bozada	shingle	1,000.00
Jill Pelzel	siding & windows	15,000.00
Jim Hinderman	garage	18,200.00
Eric Gordon	shingle	6,500.00
Laura Kiecker	siding	5,000.00
City of Fairfax	garage doors	
Myron Marquardt	siding	2,500.00
Mike Fahey	siding, windows	17,000.00
Marion Clobes	siding	4,300.00
Chuck Anderson	shingle	9,150.00
Irene Rieke	windows	1,500.00

A classification listing of non-conservation land located in Fairfax and the parcels described in the listing may forfeit to the State of Minnesota for non-payment of property taxes. The following parcels in Fairfax are listed:

- Parcel 31-01600-00 Dave Fahey
- Parcel 31-01735-00 Maurice Strain
- Parcel 31-01765-00 Lee & Brenda Stoltz
- Parcel 31-02135-00 Maurice Strain
- Parcel 31-02440-00 Douglas Buwalda
- Parcel 31-04160-00 Cemstone Products

The assessment of AC interference of Fairfax Pipeline in a collocation with 345 KV GRE Power Line has been concluded that for the actual situation no specific mitigation is required as long as the sacrificial anode beds stay connected to the pipeline sections. They recommend measuring the AC current flowing from the pipe to the sacrificial anodes after commissioning of the overhead transmission line.

Jack Kiecker (for Craig Marti) Electric Project: O & S has half the SE circuit line buried.

Interim Police Chief Scott Froelich: Scott informed Council he has been working on organizing the police station.

Committee Reports:

Police Committee: The committee recommends promoting Scott Froelich to Police Chief. A six (6) month review will be done and a step increase considered. The starting pay set at Step II \$ 25.10 per hour and a one (1) year probationary period be set. Following successful completion of the one year probation another step will be considered. Motion by Lois Gilles, second by Todd Kiecker to approve the recommendation. Motion carried. Another recommendation by the Committee was to promote internally for the full-time Police Officer from the Part time Police Roster and accept the resignation of Quinton Pomplun. Motion by Cindy Fahey, second by Todd Kiecker to offer interviews to Part time Police Officers at this time and accept the resignation of Quinton Pomplun. Motion carried.

Motion by Todd Kiecker, second by Lois Gilles to advertise for Part time Police Officers. Motion carried.

RS Fiber Update: An update on the status of the project. Alternative structure for financing the RS Fiber Project is being considered. A private cooperative that was previously formed to represent the rural areas of Sibley County would own and operate the proposed network. Units of government within the project area would be asked to make an economic development loan to the project to assist in securing primary lending. It is anticipated that the loan payment from the private cooperative would be sufficient, however, the units of government would be required to make up the shortfall through their levy.

Street Committee: Presented future street projects locations. One block on 1st Ave. NE between Park and 1st St. NW, 2nd St. SE between 1st St. SE & Dana Kiecker Street, 3rd Ave SE between 1st St. SE and Park South, 5th St. between T.H. 19 and 2nd Ave. SE, 2nd Ave. SE between 4th St. SE and 5th St. SE.

Council Concerns: none

ADJOURNMENT: Motion by Lois Gilles, second by Todd Kiecker to adjourn at 8:55 p.m. Motion carried.

Mayor Doug Pomplun

ATTEST: _____
Marcia Seibert-Volz, City Administrator